Marion Energy Inc.

June 6, 2008

Utah Division of Oil Gas and Mining
ATTN: Diana Mason
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84116

June 6, 2008

RE: SWD #1 Proposed Water Disposal Well and Cordingly Canyon 15-6
Marion Energy Inc. Application for Permit to Drill

Dear Ms. Mason

Please find enclosed three copies of the above referenced APD's that are to be drilled in the Kenilworth/Helper areas of Utah located in 13S-10E Carbon County, Utah.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3008 or email sjacoby@marionenergy.com

Sincerely,

Sincerely,

Scott Jacoby

Scott Jacoby
Landman
Marion Energy Inc.

119 South Tennessee, Suite 200, McKinney, Texas, 75069
Telephone: (972) 540-2967, Fax: (972) 547-0442

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO:	6. SURFACE:
ML48133	Fee

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:

B. TYPE OF WELL: OIL ☐ GAS ☐ OTHER SWD SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR: Marion Energy, Inc

9. WELL NAME and NUMBER: Cordingly Canyon 15-6

3. ADDRESS OF OPERATOR: 119 So. Tennessee CITY McKinney STATE TX ZIP 75069

PHONE NUMBER: (972) 540-2967

10. FIELD AND POOL, OR WILDCAT: Helper Field

4. LOCATION OF WELL (FOOTAGES) 518588 X 43933704 39.691857
AT SURFACE: 1361.85ft FSL 1475.58ft FEL /SE/4
AT PROPOSED PRODUCING ZONE: 1361.85ft FSL 1475.58ft FEL /SE/4 -110.783218

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 15 13S 10E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx 1 of a mile East of the town of Kenilworth

12. COUNTY: Carbon

13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)	16. NUMBER OF ACRES IN LEASE:	17. NUMBER OF ACRES ASSIGNED TO THIS WELL:
1361.85 ft south	160	40
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)	**19. PROPOSED DEPTH:**	**20. BOND DESCRIPTION:**
30 ft	7,960	B001617
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):	**22. APPROXIMATE DATE WORK WILL START:**	**23. ESTIMATED DURATION:**
6702	7/15/2008	30 Days

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
17 1/2"	13 3/8"	J-55	61#	500	Premium Plus III	437 sx	1.41 cuft/sk	14.20 ppg
12 1/4"	8 5/8"	J-55	32#	4,450	Lead: Prem. Lite	728 SX	3.82 cuft/sk	11 ppg
					Tail:50/50 Poz	307 SX	1.41 cuft/sk	14.20 ppg
7 7/8"	5 1/2"	N-80	17#	7,960	Lead: Prem. Lite	262 SX	3.82 cuft/sk	11 ppg
	As Liner				Tail:50/50 Poz	215 SX	1.41 cuft/sk	14.20 ppg

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☑ COMPLETE DRILLING PLAN
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Scott Jacoby TITLE Landman - Agent

SIGNATURE Scott Jacoby DATE 6/6/2008

(This space for State use only)

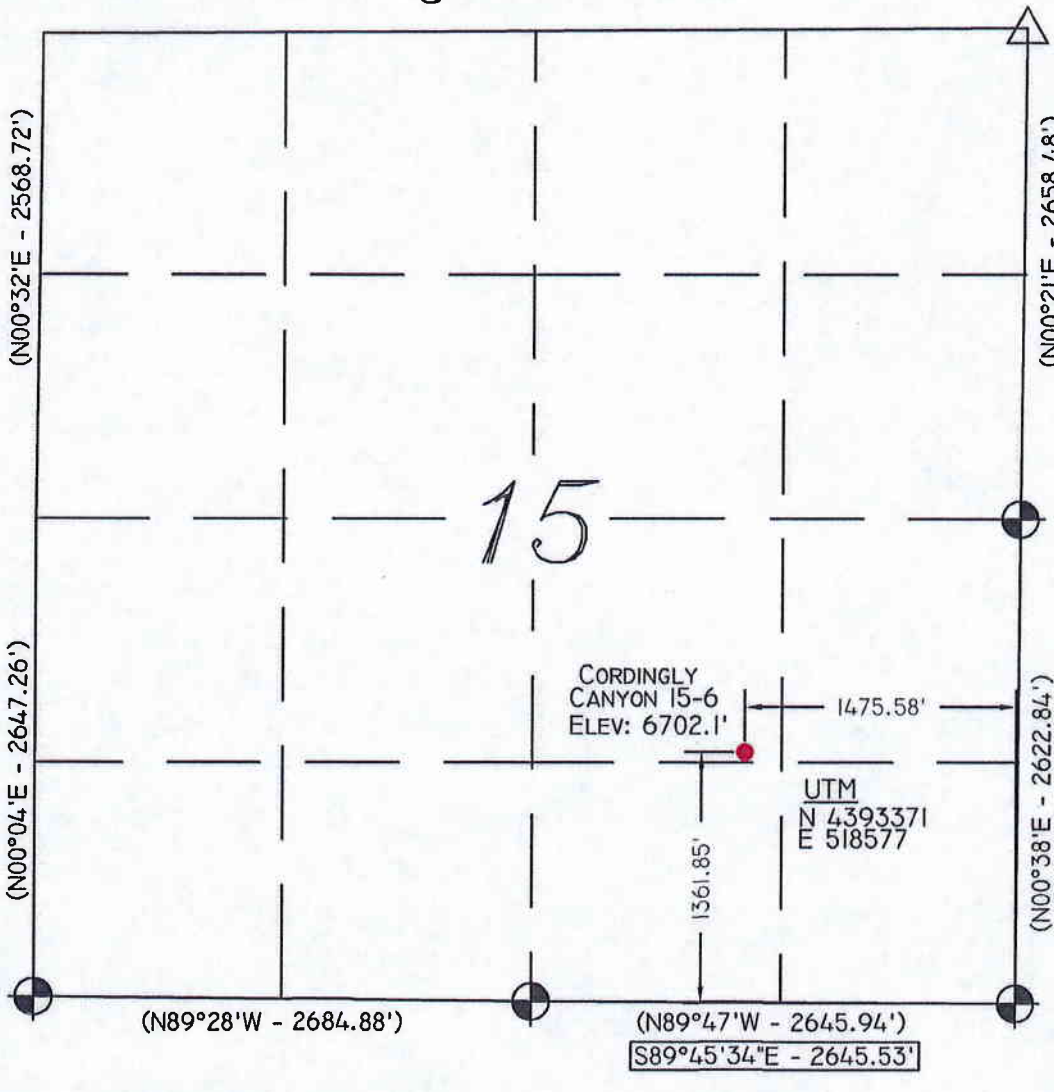
API NUMBER ASSIGNED: 43-007-31416 APPROVAL:

RECEIVED
JUN 09 2008
DIV. OF OIL, GAS & MINING

(11/2001) (See Instructions on Reverse Side)

Range 10 East

Township 13 South



Location:
The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:
The Basis of Bearing is GPS Measured.

GLO Bearing:
The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:
Basis of Elevation of 6682' being at the Southeast Section Corner of Section 14, Township 13 South, Range 10 East, Salt Lake Base and Meridian, as shown on the Helper Quadrangle 7.5 minute series map.

Description of Location:
Proposed Drill Hole located in the NW/4 SE/4 of Section 15, T13S, R10E, S.L.B.&M., being 1361.85' North and 1475.58' West from the Southeast Section Corner of Section 15, T13S, R10E, Salt Lake Base & Meridian.

Surveyor's Certificate:
I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.

6/2/08
RLS 146652

Legend
- Drill Hole Location
- Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- Calculated Corner
- ( ) GLO

GPS Measured

NOTES:
1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°41'30.709"N
110°47'00.040"W

GRAPHIC SCALE
0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

TALON RESOURCES, INC.
6155 North 400 East P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonsetv.net

Marion Energy Inc.

Cordingly Canyon #15-6
Section 15, T13S, R10E, S.L.B.&M.
Carbon County, Utah

Drawn By:	Checked By:
N. BUTKOVICH	L.W.J./A.J.S.
Drawing No. A-1	Date: 5/30/08
	Scale: 1" = 1000'
Sheet 1 of 3	Job No. 3619

Marion Energy Inc.

May 7, 2008

Mr. Nelson L. Kidder
American Electric Power
155 W. Nationwide Blvd
Columbus, OH 43215

RE: Cordingly Canyon 15-6 (SE1/4 Section 15 13S-10E, Carbon County, Utah)

Dear Mr. Kidder

This letter is intended to seek your permission to commence drilling operations on the Cordingly Canyon 15-6 located in the SE1/4 Section 15 13S-10E, Carbon County, Utah. Blackhawk is the surface owner at this location, and Marion Energy, Inc. as operator of the properties underlying the Blackhawk Lease, seeks your permission as soon as possible to begin the construction of this location so that Marion may commence drilling operations within the next few weeks.

Should you concur with our request to commence the construction of the Cordingly Canyon 15-6 well location, please signify your acceptance in the space provided below.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3008 or email sjacoby@marionenergy.com

Sincerely,

Scott Jacoby
Associate Landman
Marion Energy Inc.

Blackhawk Coal Company, as Lessor under the above referenced lease, hereby consents to allow Marion Energy Inc. to commence the construction of the Cordingly Canyon 15-6 well location.

By: Nelson L. Kidder Date: May 16, 2008

Name: Nelson Kidder Title: Vice President

119 South Tennessee, Suite 200, McKinney, TX, 75069
Telephone: (972) 540-2967
Fax: (972) 547-0442

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases
Cordingly Canyon 15-6

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Estimated Tops/Geologic Markers

   The estimated tops of important geologic markers are as follows:

Name	MD	Production Phase
Upper Blue Gate Shale	Surface	
Ferron	4390ft	
Tunuck Shale	4690ft	
Dakota	4977ft	
Morrison	5860ft	
Summerville	6524ft	
Curtis	6896ft	
Entrada	7060ft	
TD	7960ft	

2. Estimated Depth of Oil, Gas Water and Other Mineral Bearing Zones

   The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Substance	Formation	Depth
Gas	Ferron	4390'
Gas	Dakota	4977'
Gas	Morrison	5860'
Gas	Curtis	6896'
Gas	Entrada	7060'

   All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

   All water shows and water-bearing sand will be reported to the BLM in Moab, Utah. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water

flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

3. BOP Equipment

Marion Energy Inc's minimum specifications for pressure to control equipment are as follows:

Ram Type: 11" Hydraulic double, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approve stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline is pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 60 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

a. when initially installed;
b. whenever any seal subject to test pressure is broken
c. following related repairs; and
d. at 40-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., and individual components shall be operable ads designed. Chart recorders shall be used for all pressure tests.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log. Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request. Pressure tests shall apply to all related well control equipment.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The Price River Resource Area Office shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a representative on location during pressure testing.

a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 3000 psi working pressure blowout preventor.

b. A choke line and a kill line are to be properly installed. The kill line is <u>not</u> to be used as a fill-up line.

c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

d. Drill string safety valve(s), to fit <u>all</u> tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. <u>Casing and Cementing Program</u>
   a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling

operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fractured gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported

b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).

c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)

d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.

e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.

g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.

h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.

j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.

k. All casing strings below the conductor shall be pressured tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.

On all exploratory wells, and on that portion of any well approved for 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud

weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

n. The proposed casing program will be as follows:

Purpose	Depth	Hole Size	O.D.	Weight	Grade	Type	New or Used
Surface	0-500'	17 1/2"	13 3/8"	61#	J-55	ST&C	New
Intermed.	0-4790'	12 1/4"	8-5/8"	32#	J-55	LT&C	New
Produc.	0-7960'	7 7/8"	5-1/2"	17#	N-80	LT&C	New

o. Casing design subject to revision based on geologic conditions encountered.

p. Please refer to DOGM Form 3 for the Cement program associated with this well.

q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.

r. The following reports shall be filed with the District Manager within 30 days after the work is completed.

1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:

a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.

b. Temperature of bond logs must be submitted for each well where the casing cement was not circulated to the surface.

s. Auxiliary equipment to be used is as follows:

1. Kelly cock

2. No bit float is deemed necessary.

3. A sub with a full opening valve.

5. Mud Program

a. The purpose circulating mediums to be employed in drilling are as follows:

Interval	Mud Type	Mud Wt.	Visc.	F/L	PH
0-500'	Spud Mud				
500-4790'	LSND	8.8-9.2	32-40	8-15	---
4790'-T.D.	LSND	8.8-9.2	32-40	8-15	---

There will be sufficient mud on location to control a blowout should one occur. Marion anticipates a significant gas show from the Buckhorn Conglomerate formation at +/- 5813'. Prior to that depth we anticipate bringing the mud weight up to at least 12ppg.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

b. Mud monitoring equipment to be used is as follows:

Periodic checks will be made each tour of the mud system. The mud level will be checked visually.

c. Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing or completion operations.

6. Evaluation Program

The anticipated type of amount of testing, logging and coring are as follows:

a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

b. The logging program will consist of a DIL-SFL-GR-SP and _GR_CAL, CNL-FDC will be run over selected intervals, which are to be determined. A DIL-SFL-GR-SP, will be run from Surface to T.D.

1. Anticipated Pressures and H,S

   a. The expected bottom hole pressure is 2650 psi. Low pressures are anticipated.

   b. No hydrogen sulfide gas is anticipated.

2. Other Information and Notification Requirements

   a. Drilling will commence on approximately July 14, 2008

   b. It is anticipated that the drilling of this well will take approximately 30 days.

   c. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

   d. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

   e. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

   f. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, and application for approval of the permanent disposal method, along with the required water analysis and other information must be submitted to the District Engineer.

g. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO> A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative or the appropriate Surface Managing Agency.

Surface Use Plan
Mid-Power Resource Corporation
Cordingly Canyon 15-6

Thirteen Point Surface Use Plan

1. Existing Roads

   a. The proposed well site is located approximately 1 mile East of Kenilworth Utah and approximately 3 miles east of Helper, Utah..

   b. Directions to the location from Helper, Utah are as follows:

      Head south from Helper Utah on Highway 6, take exit state highway 139 approx 2 ½ miles south of Helper, turn left (east). Follow SH 139 to 200 West Street

   c. For location of access roads see Maps A & B.

   d. Topo map A is the vicinity map showing the access route from Kenilworth, Utah.

   e. Topo map B shows the proposed access road to each well. It also shows existing roads in the immediate area

   f. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

   g. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. Planned Access Roads

   a. The access roads to this location are currently in place, as the Kenilworth Railroad well is to be drilled just south of the existing Kenilworth Railroad #1 location. Access to this location and the pad site its self were recently constructed by Marion Energy.

b. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location

   a. Water wells – non

   b. Injection wells – none

   c. Producing wells – Please see topo location map L-1

   d. Drilling wells – none

   e. Shut-in wells – none

   f. For reference please see topo map B

4. Location of Tank Batteries and Production Facilities

   a. All permanent structures (onsite for six months or longer) constructed or installed (including pump jacks) will be painted a neutral color to blend with the surrounding environment. The proposed color for this site is Juniper Green unless otherwise stipulated. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.

   b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall be surrounded by a containment dike or sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.

   c. All loading lines will be placed inside the berm surrounding the tank battery

   d. The water measurement facility will be installed on the well location. The oil and water meter will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.

   e. Any necessary pits will be properly fenced to prevent any wildlife entry.

f. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

g. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.

h. The road will be maintained in a safe useable condition.

i. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.

j. The area used to contain the proposed facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.

5. Location and Water Supply

a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (NELCO).
b. No water wells are to be drilled.

6. Source of Construction Material

a. Surface and subsoil materials in the immediate area will be utilized.

b. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads in the area. No special access other than for drilling operations and pipeline construction is needed.

c. The use of materials under will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.

7. Methods of Handling Waste Disposal

a. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined with a minimum 10mil plastic liner.

b. The reserve pit will be constructed of sufficient size and capacity for the necessary fluids for drilling and to contain any runoff from the drill site. Pits will not be constructed within intermittent or perennial stream channels.

c. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.

d. The reserve pit will be constructed in undisturbed material and below the natural ground level.

e. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling operation and the pit will be fenced during drilling and completion operations.

d. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.

e. Drill cuttings are to be contained and buried in the reserve pit.

f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.

g. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations.

8 Ancillary Facilities

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

a. All cut and fill slopes will be such that stability can be maintained for the life of the activity. The upper edges of all cut banks on the access roads and well pads will be rounded. Cut and fill slopes will be constructed as follows:

Height of Slope	Slope
0-5 feet	3:1
6-10 feet	2:1
Over 10 feet	1-1/2:1

b. All fills will be free from vegetative materials and will be compacted in lifts no greater than 12 inches in thickness to a minimum of 90 percent Proctor dry density sufficient to prevent excessive settlement.

c. The working surface of the drill site will be surfaced with crushed gravel to a depth sufficient to support anticipated loads throughout the life of the well. Usually a depth of 12 inches of gravel is anticipated.

d. A diversion ditch having the minimum dimensions of 3 feet horizontal to 1 foot vertical (3:1 ditch), will be constructed around the site to divert surface waters from flowing onto the site. The ditch will be located at the base of the cut slope and around the toe of the fill slopes (see Drawing No. 1 – Construction Requirements of Typical Well Sites). A straw dike will be constructed in the ditch outflow to trap any sediment produced from the raw slopes. A culvert will be necessary where the access road enters the site.

e. A berm will be constructed around the perimeter of the site to contain all precipitation, spills, and other fluids from leaving the site. The berm will be a minimum of 18 inches high, 12 inches wide at the top, and having 1-1/2:1 side slopes. The site surface will be graded to drain to the reserve pit. The drainage pattern to be constructed will be modified for each site, depending on the site specific conditions.

f. The reserve pit will be located on the west side of the location.

g. The stockpiled topsoil (first six inches or maximum available) will be stored along the perimeter of the location as shown on the location platt.

j. All pits will be fenced to prevent wildlife entry.

k. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

10. Plans for Restoration of Surface

Dry Hole

a. Rehabilitation of the entire site will be required and will commence immediately after the drilling is complete. The site will be restored as nearly

practical to its original condition. Cut and fill slopes will be reduced and graded to conform to the adjacent terrain.

b. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established.

c. After final grading and before the replacement of topsoil, the entire surface of the site shall be scarified to eliminate slippage surfaces and to promote root penetration. Topsoil will then be spread over the site to achieve an approximate uniform, stable thickness consistent with the established contours.

d. A temporary fence will be constructed around the site until vegetation is established. The fence will then be removed.

e. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.

Producing Location

a. Site reclamation for producing wells will be accomplished for portions of the site not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area. A new site plan will be required encompassing the facilities required for operation and interim reclamation measures.

b. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.

c. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.

d. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.

e. At the end of drilling operations, drilling fluids will be hauled to an approve disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soil, and gravel, will be buried within a minimum of 2 feet of clean soil as cover or be removed.

f. Once the reserve pit is dry, the reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours.

g. The cut and fill slopes and all other disturbed areas not needed for the production operation will be topsoiled and re-vegetated. The berm will be removed and the site graded to drain.

h. The site will be seeded and/or planted as prescribed by the surface owner. This prescription will be determined prior to site construction on a site specific basis. Nutrients and soil amendments will be applied to the redistributed surface soil later as necessary to meet the re-vegetation requirements. Fall seeding will be completed after September, and prior to prolonged ground frost.

i. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Forest Service personnel.

11. Surface Ownership

Access Roads – All roads to the location are located within the area of ownership of American Electric Power and are deemed private lands.

Well Pad – The well pad is located on lands owned by American Electric Power

12. Other Information

a. A Class III cultural resource inventory will be completed prior to disturbance by a qualified professional archaeologist.

b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator to:

i. whether the materials appear eligible for the National Register of Historic Places;

ii. the mitigation measures the operator will likely have to undertake before the site can be used (assuming the site preservation is not necessary); and

iii. a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation

is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

c. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) 0f 1986, as defined in 40 CFR, would be used, produces, transported, stored, disposed, or associated with the proposed action.

d. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

e. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.

f. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.h.

g. "Sundry Notice and Report on Wells" will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

g. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period.

13. Lessee's or Operator's Representative and Certification

Permit Matters
Marion Energy Inc.
Keri Clarke

119 S. Tennessee Suite 200
McKinney, TX, 75069
(972)540-2967

Drilling & Completion Matters
Marion Energy Inc
2901 East 20th Street
Farmington, NM, 87402
Doug Endsley – V P Operations
(505)564-8005

Certification

I hereby certify that I, or Persons under my direct supervision, have inspected the proposed drill site and access rout; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Marion Energy Inc. and it's contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

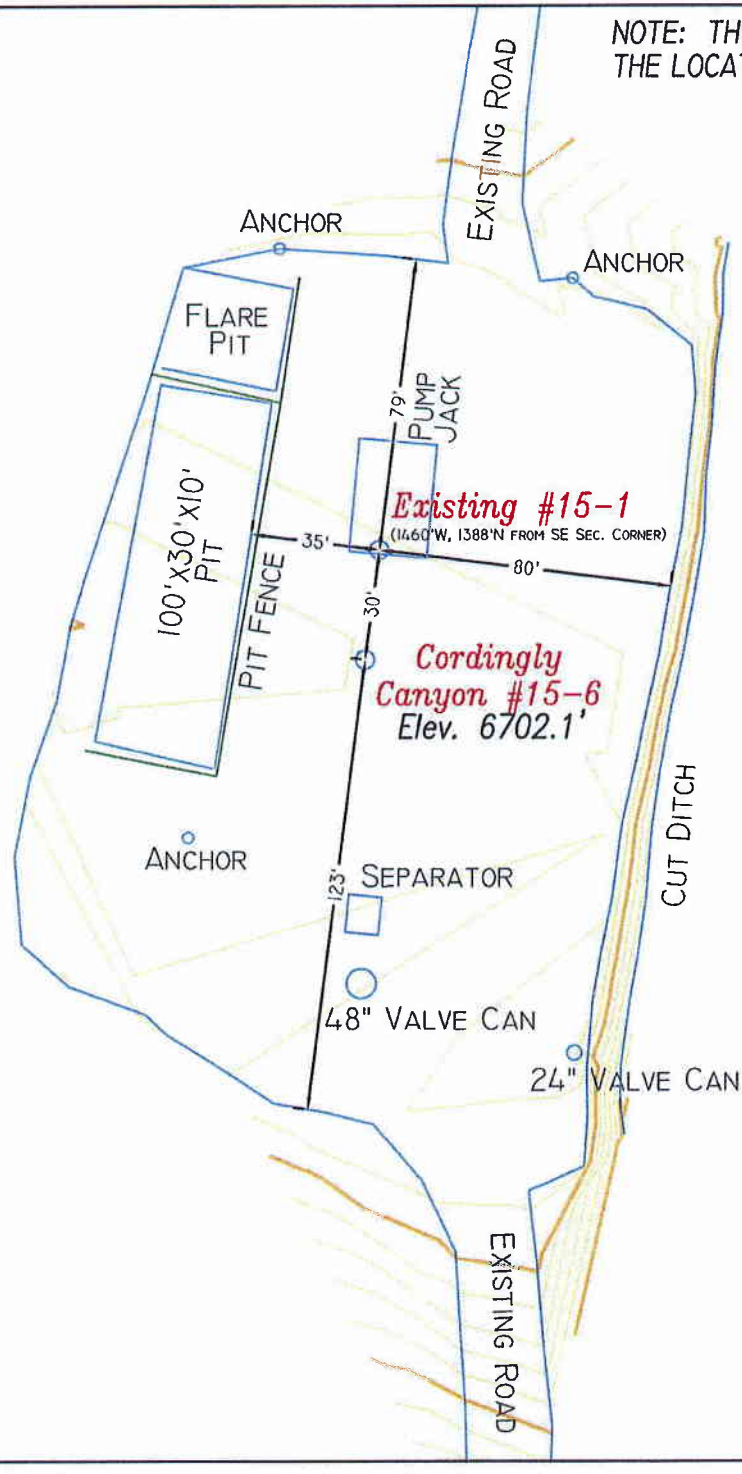
_June 6, 2008_____
Date

_Scott Jacoby_____
Name

Cordinly Canyon 15-6
Surface Owner Information

Contact:	Mr. Nelson L. Kidder
Address:	American Electric Power 155 W. Nationwide Blvd Columbus, OH 43215
Telephone:	(614) 583-6080
Fax:	(614) 583-1612
Email:	nlkidder@aep.com

NOTE: THIS WELL PAD LOCATION HAS BEEN BUILT.
THE LOCATION STAKE ELEVATION REFLECTS THE ASBUILT ELEVATION.

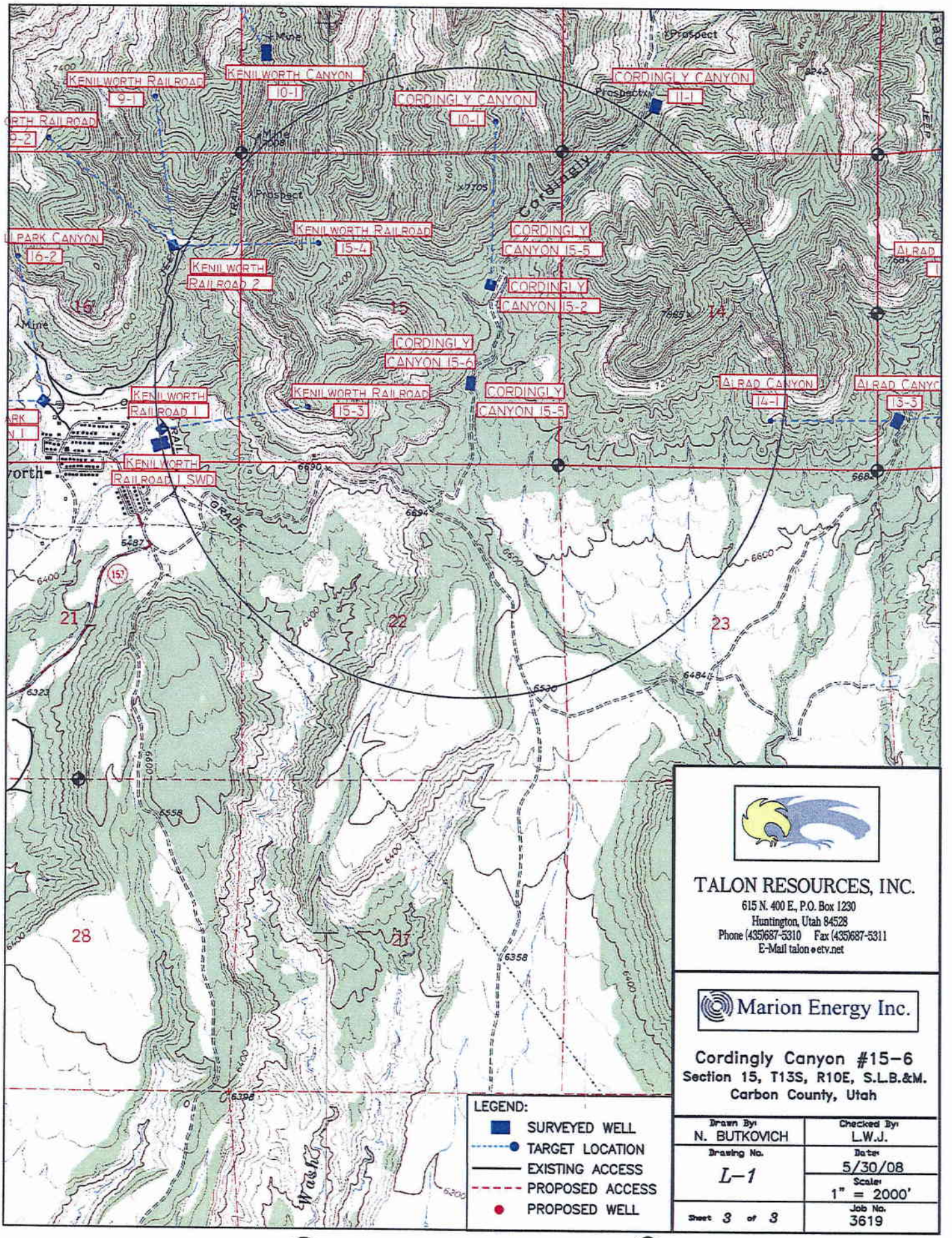


TALON RESOURCES, INC.
615 North 400 East P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonetv.net

Marion Energy Inc.

LOCATION LAYOUT
Section 15, T13S, R10E, S.L.B.&M.
Cordingly Canyon #15-6

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 5/30/08
	Scale: 1" = 50'
Sheet 2 of 3	Job No. 3619

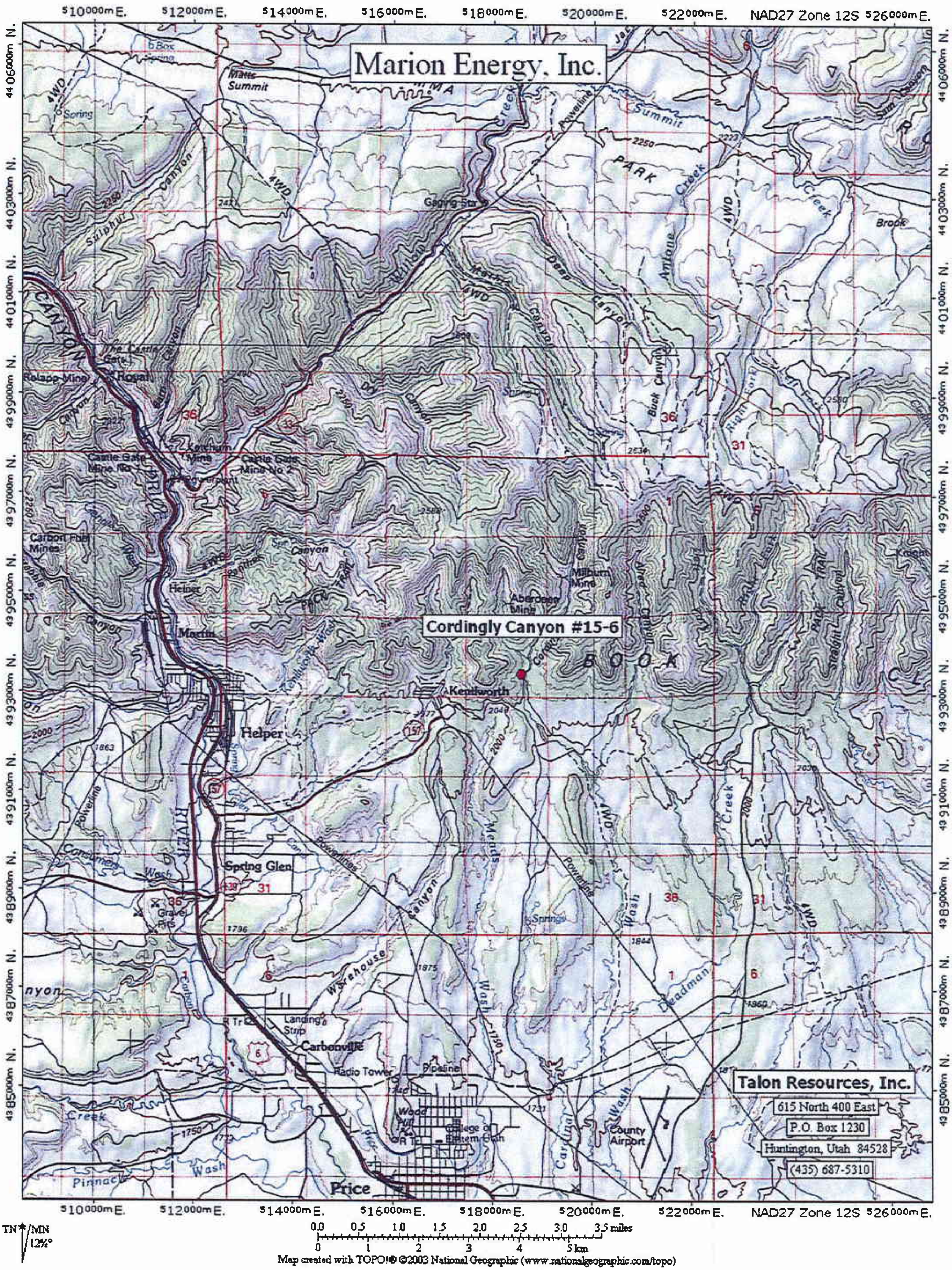


TALON RESOURCES, INC.
615 N. 400 E., P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

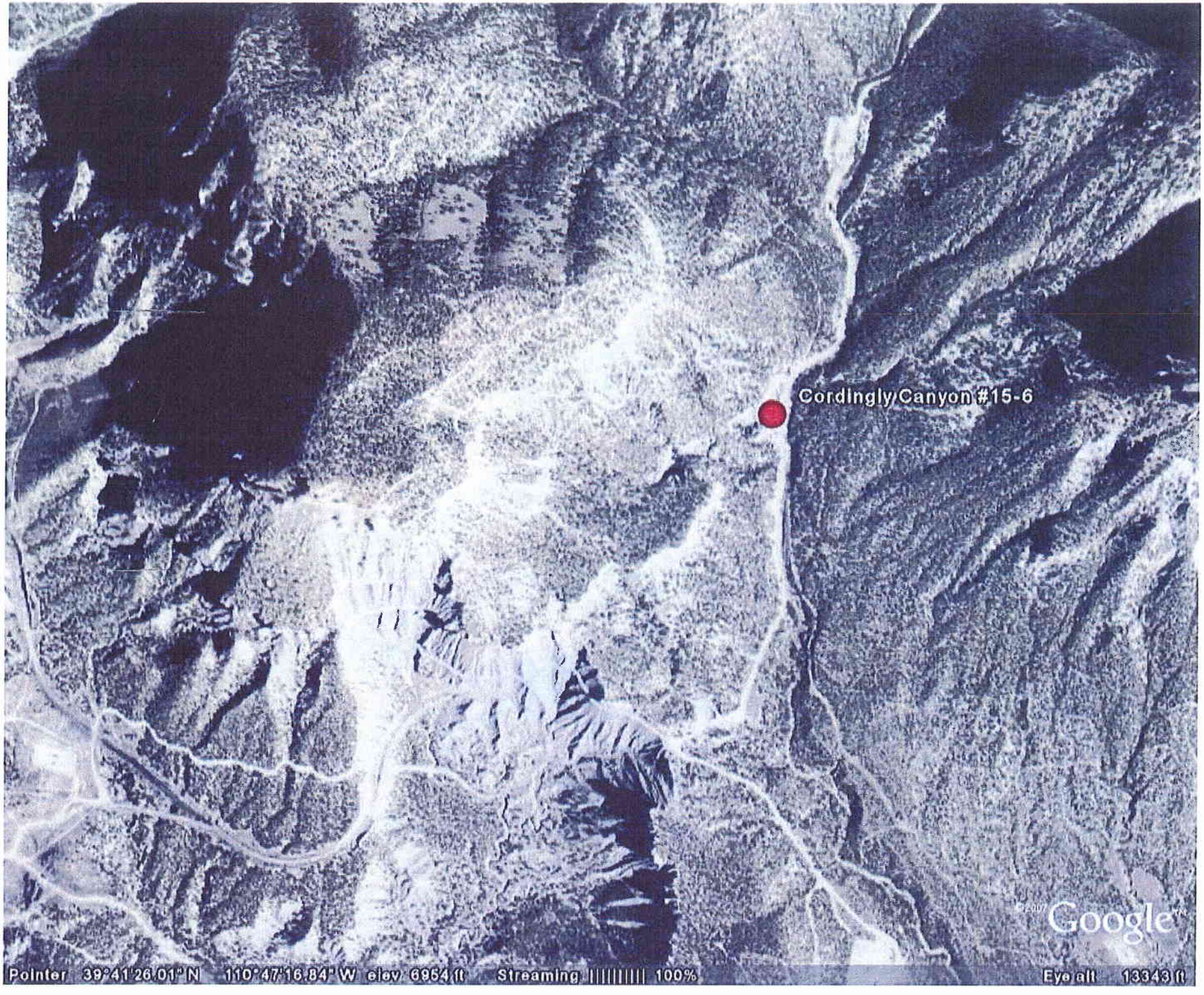
Marion Energy Inc.

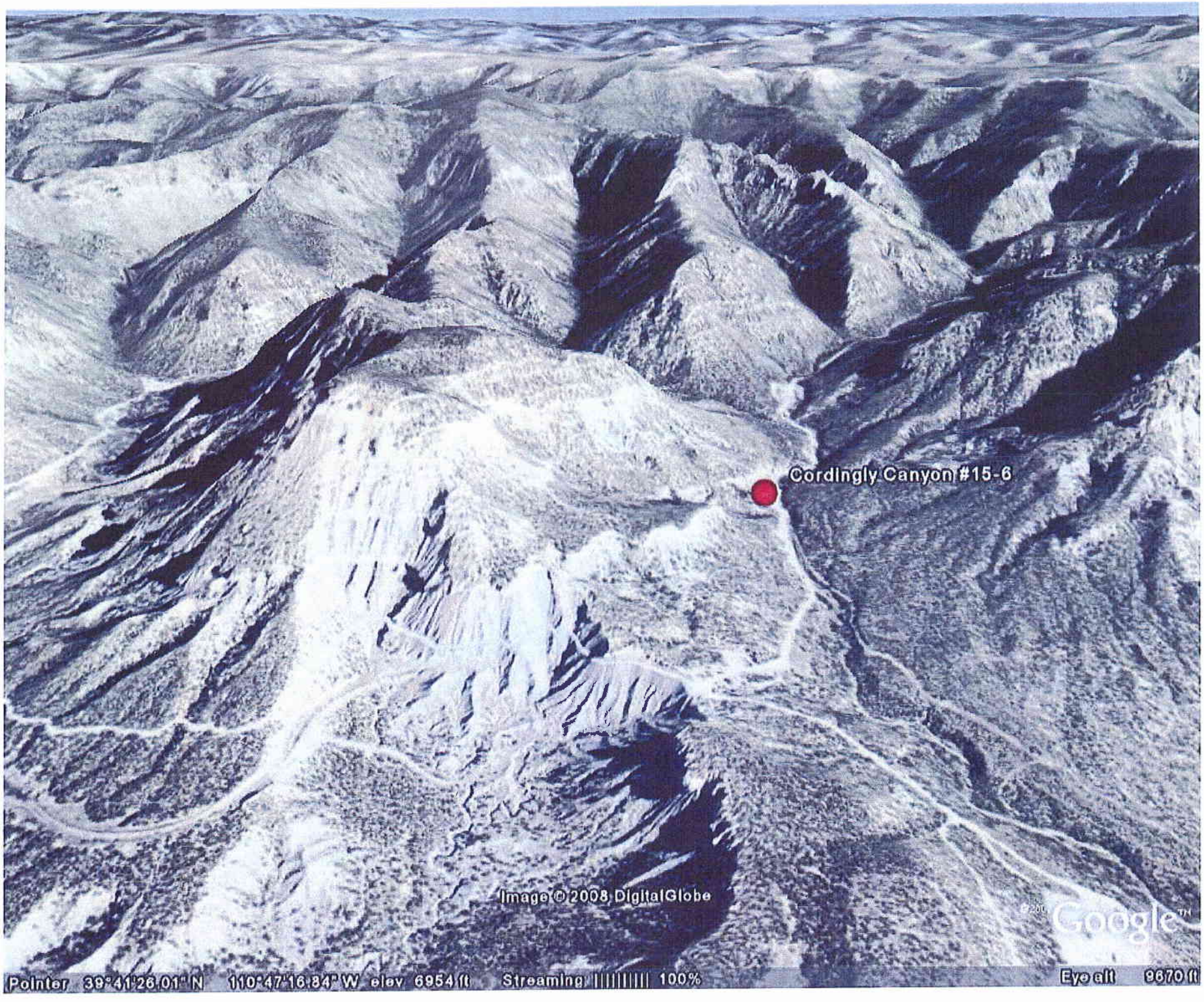
Cordingly Canyon #15-6
Section 15, T13S, R10E, S.L.B.&M.
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 5/30/08
	Scale: 1" = 2000'
Sheet 3 of 3	Job No. 3619



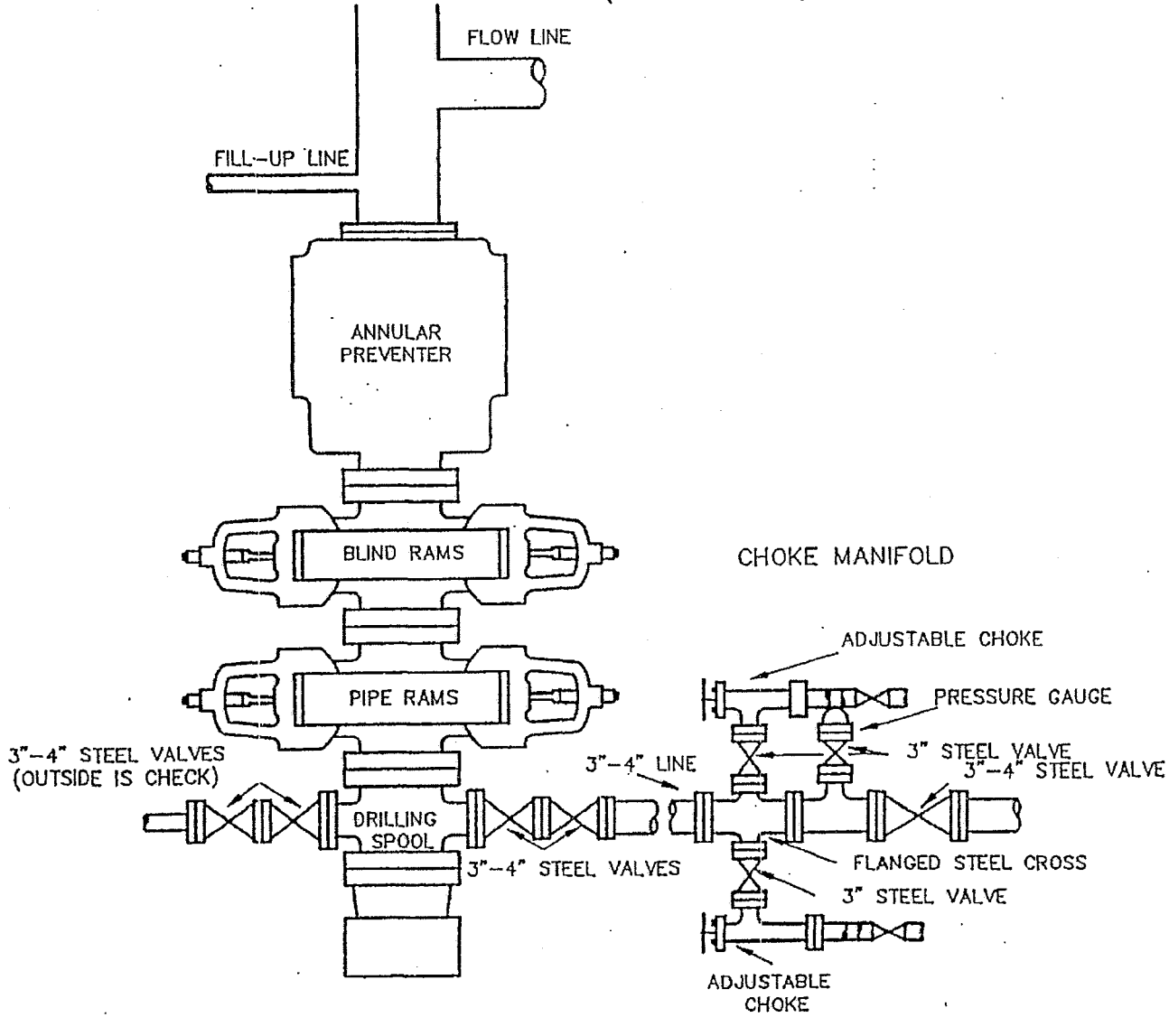
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)


Cordingly Canyon #15-6
Pointer 39°41'26.01" N 110°47'16.84" W elev 6954 ft
Streaming 100%
Eye alt 13343 ft
Google


Cordingly Canyon #15-6
Image © 2008 DigitalGlobe
Google
Pointer 39°41'26.01" N 110°47'16.84" W elev 6954 ft
Streaming 100%
Eye alt 9670 ft

Typir · P Equipment. Actual Configuration Ma·· ry Slightly But Will Conform With Onshor Order # 2

THREE PREVENTER HOOKUP
CLASS III
(MEETS 43 CFR, PARTS 3160, 3M SPECIFICATIONS)



WORKSHEET

APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 06/09/2008

API NO. ASSIGNED: 43-007-31416

WELL NAME: CORDINGLY CYN 15-6

OPERATOR: MARION ENERGY, INC. (N2740)

PHONE NUMBER: 972-540-2967

CONTACT: SCOTT JACOBY

PROPOSED LOCATION:

NWSE 15 130S 100E

SURFACE: 1361 FSL 1475 FEL

BOTTOM: 1361 FSL 1475 FEL

COUNTY: CARBON

LATITUDE: 39.69186 LONGITUDE: -110.7832

UTM SURF EASTINGS: 518588 NORTHINGS: 4393370

FIELD NAME: HELPER (18)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	12/9/08
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML48133

PROPOSED FORMATION: ENRD

SURFACE OWNER: 4 - Fee

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. B001617)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. MUNICIPAL)

N RDCC Review (Y/N)
(Date:)

Y Fee Surf Agreement (Y/N)

NA Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit:

___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

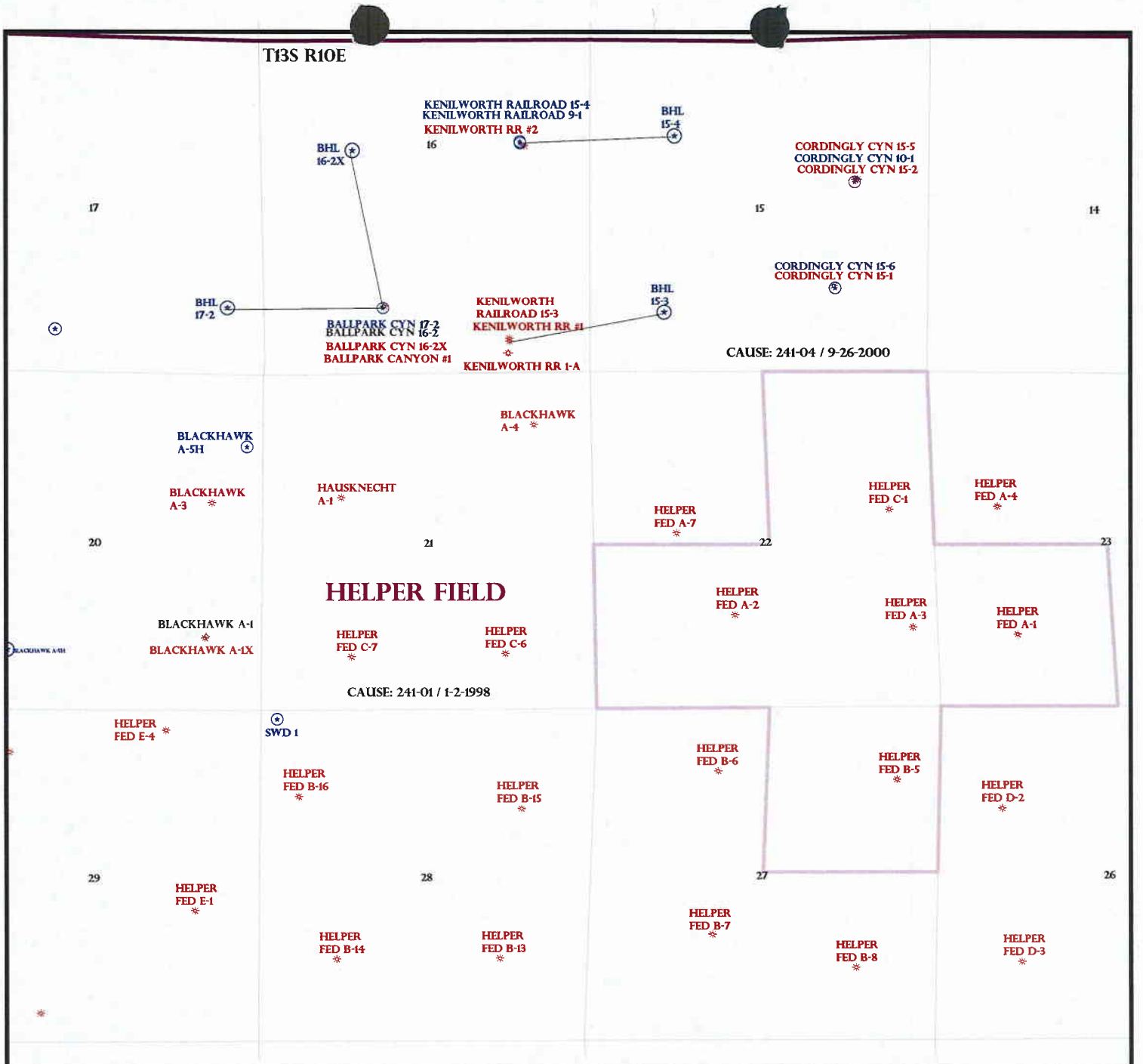
___ R649-3-3. Exception

✓ Drilling Unit
Board Cause No: 241-04
Eff Date: 9-26-2002
Siting: 460' fr outer bdry & 920' fr other wells.

___ R649-3-11. Directional Drill

COMMENTS: Needs Presite (08-28-08)

STIPULATIONS: 1- STATEMENT OF BASIS



OPERATOR: MARION ENERGY INC (N2740)

SEC: 15 T.13S R. 10E

FIELD: HELPER (18)

COUNTY: CARBON

CAUSE: 241-04 / 9-26-2000

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

UTAH DNR
OIL, GAS & MINING

N
W E
S

PREPARED BY: DIANA MASON
DATE: 16-JUNE-2008

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
922	43-007-31416-00-00		WD	P	No

Operator MARION ENERGY, INC. **Surface Owner-APD**
Well Name CORDINGLY CYN 15-6 **Unit**
Field HELPER **Type of Work**
Location NWSE 15 13S 10E S 1361 FSL 1475 FEL GPS Coord (UTM) 518588E 4393370N

Geologic Statement of Basis

Significant volumes of high quality ground water are unlikely to be encountered at this location. A poorly permeable soil is likely to be developed on Quaternary / Tertiary Pediment Mantle covering the Blue Gate Member of the Mancos Shale. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. No water rights have been filed within a mile of the location.

Chris Kierst — 9/23/2008
APD Evaluator — **Date / Time**

Surface Statement of Basis

All drainages shall be diverted away from the well pad and the access road. Specifically, drainage shall be provided from the west side of the location along the south side of the location. The reserve pit shall be fenced upon completion of drilling the well.

Mark Jones — 8/28/2008
Onsite Evaluator — **Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator MARION ENERGY, INC.
Well Name CORDINGLY CYN 15-6
API Number 43-007-31416-0 **APD No** 922 **Field/Unit** HELPER
Location: 1/4,1/4 NWSE **Sec** 15 **Tw** 13S **Rng** 10E 1361 FSL 1475 FEL
GPS Coord (UTM) **Surface Owner**

Participants

M Jones (DOGM), Tonya Hammond (surface), Scott Jacoby (Marion).

Regional/Local Setting & Topography

East of Kenilworth, Carbon County, Utah. Bottom of Cordingly Canyon.

Surface Use Plan

Current Surface Use
Existing Well Pad

New Road Miles	Well Pad		Src Const Material	Surface Formation
0	**Width** 145	**Length** 232	Onsite	

Ancillary Facilities

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetland Y
ephemeral drainages.

Flora / Fauna
PJ / sagebrush.

Soil Type and Characteristics
clay loam.

Erosion Issues Y
erosive upon disturbance.

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required Y
drainages shall be divert around and away from pad and access road.

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? N **Paleo Potental Observed?** N **Cultural Survey Run?** N **Cultural Resources?** N

Reserve Pit

Site-Specific Factors			Site Ranking		
Distance to Groundwater (feet)	>200		0		
Distance to Surface Water (feet)	>1000		0		
Dist. Nearest Municipal Well (ft)	>5280		0		
Distance to Other Wells (feet)	>1320		0		
Native Soil Type	Mod permeability		10		
Fluid Type	Air/mist		0		
Drill Cuttings	Normal Rock		0		
Annual Precipitation (inches)	10 to 20		5		
Affected Populations	<10		0		
Presence Nearby Utility Conduits	Not Present		0		
		Final Score	15	2	**Sensitivity Level**

Characteristics / Requirements

Dugout earthern (100x30x10).

Closed Loop Mud Required? N **Liner Required?** N **Liner Thickness** **Pit Underlayment Required?** N

Other Observations / Comments

Talked to Scott Jacoby during pre-site about providing drainage diversion from west side of location around the south side of location.

Mark Jones	8/28/2008
Evaluator	**Date / Time**

utah gov | Online Services | Agency List | Business

Search

Utah Division of Water Rights

There are no features in the query area.

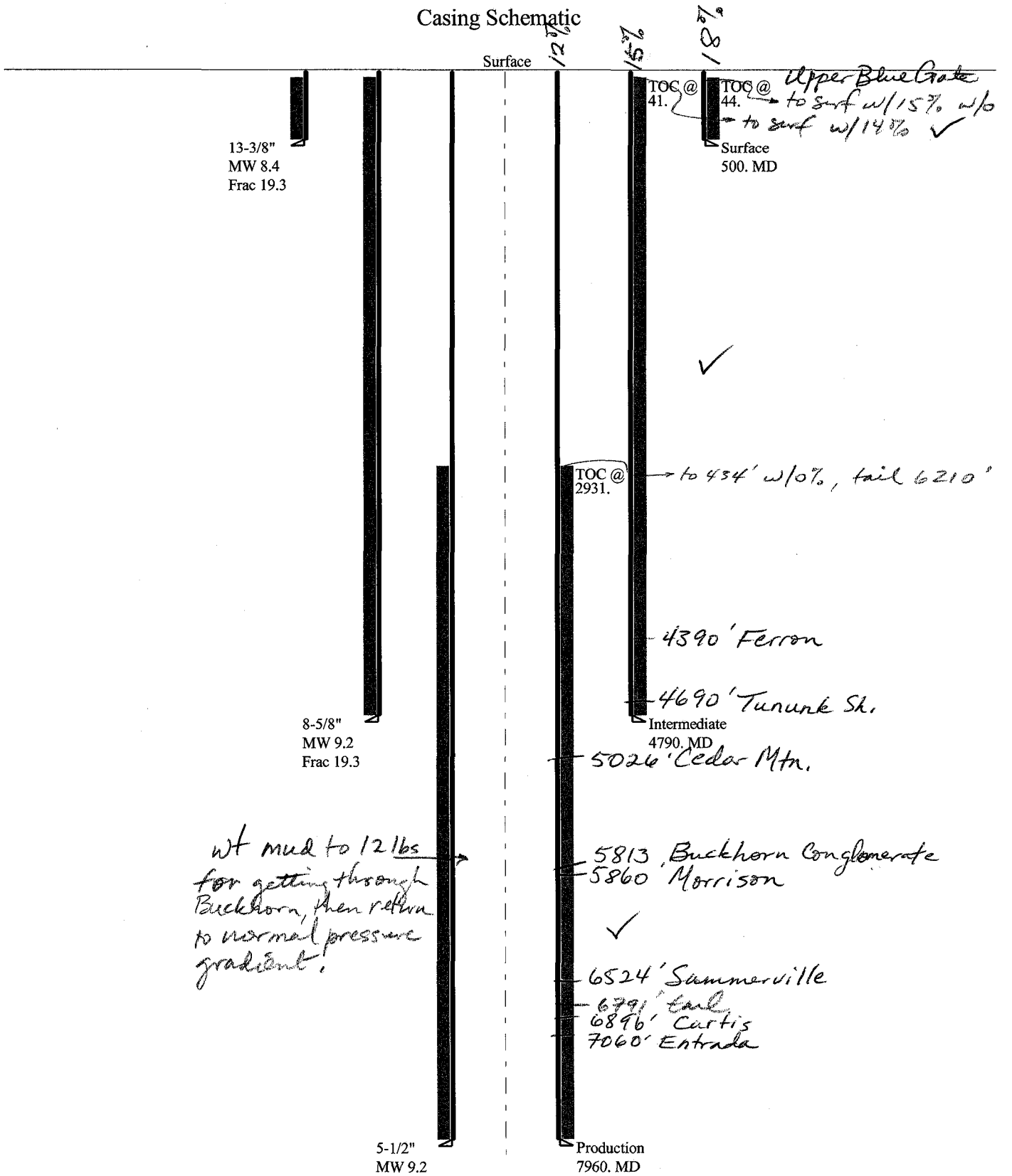
Click on the back button to try again

Please direct questions and comments regarding the map server to: leeeschler@utah.gov.

back close

43007314160000 Cordingly Cyn 15-6

Casing Schematic



Well name:	**43007314160000 Cordingly Cyn 15-6**
Operator:	**Marion Energy, Inc.**
String type:	Surface
Project ID:	43-007-31416-0000
Location:	Carbon County

Design parameters:

Collapse
Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 440 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 500 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 437 ft

Environment:
H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 72 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: 44 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 4,790 ft
Next mud weight: 9.200 ppg
Next setting BHP: 2,289 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 500 ft
Injection pressure: 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	500	13.375	61.00	J-55	ST&C	500	500	12.39	427

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1540	7.060	500	3090	6.18	30	595	19.51 J

Prepared by: Helen Sadik-Macdonald, Div of Oil,Gas & Minerals
Phone: 810-538-5357
Date: October 28,2008
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**43007314160000 Cordingly Cyn 15-6**
Operator:	**Marion Energy, Inc.**
String type:	Intermediate
Project ID:	43-007-31416-0000
Location:	Carbon County

Design parameters:

Collapse
Mud weight: 9.200 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 2,053 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 3,107 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.000

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.70 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 4,136 ft

Environment:
H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 141 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: 41 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 7,960 ft
Next mud weight: 9.200 ppg
Next setting BHP: 3,804 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 4,790 ft
Injection pressure: 4,790 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	4790	8.625	32.00	J-55	LT&C	4790	4790	7.875	1639.2

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2289	2530	1.105	3107	3930	1.26	153	417	2.72 J

Prepared by: Helen Sadik-Macdonald, Div of Oil,Gas & Minerals
Phone: 810-538-5357
Date: October 28,2008
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 4790 ft, a mud weight of 9.2 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**43007314160000 Cordingly Cyn 15-6**
Operator:	**Marion Energy, Inc.**
String type:	Production
Project ID:	43-007-31416-0000
Location:	Carbon County

Design parameters:

Collapse

Mud weight: 8.330 ppg

Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,693 psi

Internal gradient: 0.220 psi/ft

Calculated BHP 3,445 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Tension is based on air weight.

Neutral point: 6,955 ft

Environment:

H2S considered? No

Surface temperature: 65 °F

Bottom hole temperature: 176 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 368 ft

Cement top: 2,931 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	7960	5.5	17.00	N-80	LT&C	7960	7960	4.767	1039

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3445	6290	1.826	3445	7740	2.25	135	348	2.57 J

Prepared by: Helen Sadik-Macdonald, Div of Oil,Gas & Minerals

Phone: 810-538-5357

Date: October 8,2008
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 7960 ft, a mud weight of 8.33 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

BOPE REVIEW

Marion Cordingly Cyn 15-6 API # 43-007-31416-0000

Well Name	Marion Cordingly Cyn 15-6 API # 43-007-31416-0000		
	String 1	String 2	String 3
Casing Size (")	13 3/8	8 5/8	5 1/2
Setting Depth (TVD)	500	4790	7960
Previous Shoe Setting Depth (TVD)	0	500	4790
Max Mud Weight (ppg)	8.4	9.2	9.2
BOPE Proposed (psi)	0	3000	3000
Casing Internal Yield (psi)	3090	3930	7740
Operators Max Anticipated Pressure (psi)	2650		6.4 ppg

→ expect ± 3500 psi in Buckhorn will weight up to 12 ppg. pot. break down formation

Calculations	String 1	13 3/8 "	
Max BHP [psi]	.052*Setting Depth*MW =	218	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	158	NO
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	108	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	108	NO Reasonable depth
Required Casing/BOPE Test Pressure		500	psi
*Max Pressure Allowed @ Previous Casing Shoe =		0	psi *Assumes 1psi/ft frac gradient

Calculations	String 2	8 5/8 "	
Max BHP [psi]	.052*Setting Depth*MW =	2292	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	1717	YES ✓
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	1238	YES
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	1348	← NO O.K.
Required Casing/BOPE Test Pressure		2751	psi
*Max Pressure Allowed @ Previous Casing Shoe =		500	psi *Assumes 1psi/ft frac gradient

Calculations	String 3	5 1/2 "	
Max BHP [psi]	.052*Setting Depth*MW =	3808	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	2853	YES mud up to 12 ppg through Buckhorn Cong @ 5813' →
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	2057	YES ✓ then return to normal pressure gradient
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	3111	← YES
Required Casing/BOPE Test Pressure		3000	psi
*Max Pressure Allowed @ Previous Casing Shoe =		3930	psi *Assumes 1psi/ft frac gradient

Approx. 3600 psi BHP

2930 psi MASP OK

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☑
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO: ML48133	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐	7. IF INDIAN, ALLOTTEE OR TRIBE NAME:
B. TYPE OF WELL: OIL ☐ GAS ☐ OTHER SWD SINGLE ZONE ☐ MULTIPLE ZONE ☐	8. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Marion Energy, Inc	9. WELL NAME and NUMBER: Cordingly Canyon 15-6
3. ADDRESS OF OPERATOR: 119 So. Tennessee CITY McKinney STATE TX ZIP 75069 PHONE NUMBER: (972) 540-2967	10. FIELD AND POOL, OR WILDCAT: Helper Field 18
4. LOCATION OF WELL (FOOTAGES) 518588 X 39.691857 AT SURFACE: 1361.85ft FSL 1475.58ft FEL /SE/4 4393370 Y -110.783218 AT PROPOSED PRODUCING ZONE: 1361.85ft FNL 1475.58ft FEL /SE/4	11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 15 13S 10E
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx 1 of a mile East of the town of Kenilworth	12. COUNTY: Carbon 13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)	16. NUMBER OF ACRES IN LEASE:	17. NUMBER OF ACRES ASSIGNED TO THIS WELL:
1361.85 ft south	160	40
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)	**19. PROPOSED DEPTH:**	**20. BOND DESCRIPTION:**
30 ft	7,960	B001617 (See attached)
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):	**22. APPROXIMATE DATE WORK WILL START:**	**23. ESTIMATED DURATION:**
6702	7/15/2008	30 Days

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
17 1/2"	13 3/8"	J-55	61#	500	Premium Plus III	437 sx	1.41 cuft/sk	14.20 ppg
12 1/4"	8 5/8"	J-55	32#	4,790	Lead: Prem. Lite	728 SX	3.82 cuft/sk	11 ppg
					Tail:50/50 Poz	307 SX	1.41 cuft/sk	14.20 ppg
7 7/8"	5 1/2"	N-80	17#	7,960	Lead: Prem. Lite	262 SX	3.82 cuft/sk	11 ppg
	As Liner				Tail:50/50 Poz	215 SX	1.41 cuft/sk	14.20 ppg

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- ☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- ☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
- ☑ COMPLETE DRILLING PLAN
- ☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Scott Jacoby TITLE Landman

SIGNATURE Scott Jacoby DATE 10/25/2008

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31416

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL:

Date: 12-10-08

(See Instructions on Reverse Side)

By: Dustin Doucet

RECEIVED
OCT 27 2008
DIV. OF OIL, GAS & MINING

(11/2001)

Helen Sadik-Macdonald - RE: Changes to Cordingly Canyon 15-6

From: "Scott Jacoby"
To: "Helen Sadik-Macdonald"
Date: 10/27/2008 2:23 PM
Subject: RE: Changes to Cordingly Canyon 15-6

Hi Helen,

The Cedar Mountain Top is at 5026' and the Buckhorn Conglomerate is at 5813'

Let me know if you need anything else.

Scott

From: Helen Sadik-Macdonald [mailto:HMACDONALD@utah.gov]
Sent: Monday, October 27, 2008 3:01 PM
To: Scott Jacoby
Cc: Doug Endsley; Keri Clarke; Dustin Doucet
Subject: Re: Changes to Cordingly Canyon 15-6

Scott, et. al.,

Received.

Did you get a Cedar Mtn. top from your geologist? Thanks.

Regards,

Helen Sadik-Macdonald, CPG, PG
Petroleum Engineering Services
Utah Div. of Oil, Gas & Mining
PO Box 145801

Salt Lake City, UT 84114-5801

801/538-5357 Desk
801/359-3940 Fax

>>> On 10/27/2008 at 8:26 AM, in message <7D413E4C536B524E84E110C3D9EBC2BD011A3F59@srv01.MarionEnergy.local>, "Scott Jacoby" <sjacoby@marionenergy.com> wrote:

Good Morning Helen,

Doug has made the changes to the Cordingly Canyon 15-6 that you discussed with last week. I have highlighted those changes and I have attached a new form 3 and a new drilling plan with the changes highlighted. Please let me know if you have any other questions, as well if I need to send a hard copy in.

I hope you have a wonderful day and we look forward to working with you!

Regards,

Scott Jacoby

Scott Jacoby

Associate Landman

Marion Energy

119 S. Tennessee

McKinney, TX 75069

Phone: (972)-540-2967 ext 3008

Fax: (972)-547-0442

Cell: (817)937-6931

From: "Scott Jacoby" <sjacoby@marionenergy.com>
To: "Helen Sadik-Macdonald" <HMACDONALD@utah.gov>
Date: 11/18/2008 9:01 AM
Subject: Mud Program for the Cordingly Canyon 15-6

CC: "Doug Endsley" <dendsley@marionenergy.com>, "Keri Clarke" <kclarke@mario...

Hi Helen,

Please find below the information we discussed on the phone this morning.

There will be sufficient mud on location to control a blowout should one occur. Marion anticipates a significant gas show from the

Buckhorn Conglomerate formation at +/- 5813'. Prior to that depth we anticipate bringing the mud weight up to at least 12ppg.

Once drilling has progressed through the Buckhorn Conglomerate, Marion will return to the original mud program and anticipates

normal hole and bottom hole pressure throughout the rest of the drill.

Please let me know if there is anything else that you need.

I hope you have a wonderful day!

Scott Jacoby

Scott Jacoby

Associate Landman

Marion Energy

119 S. Tennessee

McKinney, TX 75069

JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

December 10, 2008

Marion Energy, Inc.
119 S Tennessee, Ste. 200
McKinney, TX 75069

Re: Cordingly Canyon 15-6 Well, 1361' FSL, 1475' FEL, NW SE, Sec. 15, T. 13 South, R. 10 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31416.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor
SITLA

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

Operator: Marion Energy, Inc.

Well Name & Number Cordingly Canyon 15-6

API Number: 43-007-31416

Lease: ML48133

Location: NW SE **Sec.** 15 **T.** 13 South **R.** 10 East

Conditions of Approval

1. **General**

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

   The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

   - 24 hours prior to cementing or testing casing – contact Dan Jarvis
   - 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
   - 24 hours prior to spudding the well – contact Carol Daniels
   - Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
   - Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

   The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

   - Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
   - Any changes to the approved drilling plan – contact Dustin Doucet

   The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

   - Dan Jarvis at: (801) 538-5338 office (801) 942-0871 home
   - Carol Daniels at: (801) 538-5284 office
   - Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. **Reporting Requirements**

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

GARY R. HERBERT
Governor
GREGORY S. BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

February 4, 2010

Marion Energy, Inc.
119 s. Tennessee
McKinney, TX 75069

Re: APD Rescinded – Cordingly Canyon 15-6, Sec. 15, T. 13S, R. 10E
Carbon County, Utah API No. 43-007-31416

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on December 10, 2008. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 4, 2010.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114 -5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING